

**STATE BOARD OF EQUALIZATION**

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Controller, Sacramento

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Executive Director

December 14, 1995

Re: _____

Dear _____,

Gary Jugum has requested that I respond to your letter to him dated September 25, 1995, concerning the above taxpayer.

In your letter, you state that your clients, the _____ purchased a barge which was towed to _____ where it is currently located. The Board has conducted an audit and concluded that the purchase of this barge is subject to tax. Tax was determined in the amount of \$8,112.51. Your office has been notified by the Board that, as of July 2, 1995, the time to petition for redetermination of the assessment had expired. You state that it is your clients' position that the barge cannot be classified as a vessel and therefore no tax is due.

California Revenue and Taxation Code section 6273 defines "vessel" as "any boat, ship, barge, craft, or floating thing designed for navigation in the water" with the exceptions not relevant to your clients.

Sales and Use Tax Annotation 585.0090, 8/31/78, 2/26/81 provides, in part:

"The term 'vessel' includes houseboats and those floating homes capable of navigation under their own power or suitable for normal towing."

Since the _____ purchased the barge and towed it to _____, the barge constitutes a "vessel" within the meaning of Revenue and Taxation Code section 6273 and is subject to tax. We do not believe that it is relevant that, after the purchase of the barge, the _____ "connected" it to real property by piling rings and pilings." At the time of the purchase, the barge constituted a "vessel" within the meaning of Revenue and Taxation Code section 6273. _____'s subsequent use of the barge does not alter our opinion that, at the time of its acquisition, the purchase of the barge was subject to tax.

You state in your letter that the _____ are willing to pay a compromised amount in settlement of their liability. We believe that there is no basis for the Board to compromise the amount of the tax due by the _____.

Very truly yours,

Thomas J. Cooke
Staff Counsel